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CAPITAL BUILDING FUNDS 2021-23 BIENNIUM

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Capital Building Fund History

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- Historically, higher education capital projects and extraordinary repair projects were requested individually, with State Board of Higher Education approval, and considered by the legislature on a case-by-case basis for general fund appropriations.
- In 2019, the Legislature approved House Bill 1003 which created a funding mechanism called the Capital Building Fund. Dollars could be used for certain named capital projects, as well as extraordinary repair projects determined by the institution. To access this fund, institutions were required to provide matching dollars from their operations or other sources. The following chart details the 2019-21 NDUS capital building fund.

Capital Building Funds – Institution Allocations by Tier

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| SB2003, Section 6 - Capital Building Fund | | | | | | | | | | |
|---------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------|---------------------------------------|------------------------------------|---------------------------------------------|----------------|-----------------------------------|---------------|-----------------|------------|
| Tier I 2:1 match; Tier II 1:1 match; Tier III 2:1 match | | | | | | | | | | |
| Total Capital Fund = \$80.3 million | | | | | | | | | | |
| Tier I - Extraordinary Repairs | | | | Tier II - Capital Building Fund | | | Tier III - Capital Building Fund | | | Totals |
| Institution | Base Funding Formula allocated to Extraordinary Repairs (General Funds) | 2 for 1 Institution Match (Special Funds) | Tier I Appropriation & Required Match | Capital Building Fund (\$10M SIIF) | Institution Match at 1 to 1 (Special Funds) | Tier II Totals | Capital Building Fund (\$9M SIIF) | 2 for 1 Match | Tier III Totals | |
| BSC | 417,673 | 835,346 | 1,253,019 | 425,693 | 425,693 | 851,386 | 500,000 | 1,000,000 | 1,500,000 | 3,604,405 |
| DCB | 114,007 | 228,014 | 342,021 | 106,064 | 106,064 | 212,128 | 500,000 | 1,000,000 | 1,500,000 | 2,054,149 |
| LRSC | 155,367 | 310,734 | 466,101 | 177,375 | 177,375 | 354,750 | 500,000 | 1,000,000 | 1,500,000 | 2,320,851 |
| NDSCS | 1,012,379 | 2,024,758 | 3,037,137 | 500,695 | 500,695 | 1,001,390 | 500,000 | 1,000,000 | 1,500,000 | 5,538,527 |
| WSC | 197,801 | 395,602 | 593,403 | 137,947 | 137,947 | 275,894 | 500,000 | 1,000,000 | 1,500,000 | 2,369,297 |
| DSU | 409,078 | 818,156 | 1,227,234 | 268,862 | 268,862 | 537,724 | 500,000 | 1,000,000 | 1,500,000 | 3,264,958 |
| MASU | 358,992 | 717,984 | 1,076,976 | 240,029 | 240,029 | 480,058 | 500,000 | 1,000,000 | 1,500,000 | 3,057,034 |
| MISU | 899,620 | 1,799,240 | 2,698,860 | 572,801 | 572,801 | 1,145,602 | 500,000 | 1,000,000 | 1,500,000 | 5,344,462 |
| VCSU | 408,319 | 816,638 | 1,224,957 | 309,137 | 309,137 | 618,274 | 500,000 | 1,000,000 | 1,500,000 | 3,343,231 |
| NDSU | 2,732,244 | 5,464,488 | 8,196,732 | 2,899,596 | 2,899,596 | 5,799,192 | 2,250,000 | 4,500,000 | 6,750,000 | 20,745,924 |
| UND | 4,411,566 | 8,823,132 | 13,234,698 | 4,361,801 | 4,361,801 | 8,723,602 | 2,250,000 | 4,500,000 | 6,750,000 | 28,708,300 |
| TOTAL | 11,117,046 | 22,234,092 | 33,351,138 | 10,000,000 | 10,000,000 | 20,000,000 | 9,000,000 | 18,000,000 | 27,000,000 | 80,351,138 |

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Capital Building Funds

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- Over the 2019-21 interim, both the Higher Education Funding Formula Committee and Higher Education Committee studied this new funding mechanism. The committees made a few revisions to the original language and ultimately recommended a statutory fund be created, rather than keeping it in session law and drafted Senate Bill 2033.
- SB2033
 - Codifies the capital building fund for NDUS institutions of higher education to use for capital and extraordinary repair projects.
 - Creates the University System Capital Building Fund (CBF) and delineates eligible uses and matching requirements.
 - The CBF consists of three funding tiers, each with different match requirements. Tier I – which is funded in the NDUS' biennial appropriation bill at \$11.7 million – can be used for extraordinary repair & deferred maintenance projects. Institutions must match each state dollar with two dollars from operations or other sources.
 - Tier II & III dollars would be used for projects specifically authorized by the legislature. Additionally, these funds could be used for extraordinary repair and deferred maintenance projects, but only after the institution has matched & committed 75% of its Tier I amount. Tier II funds require a 1:1 match, while Tier III requires a 2:1 match. Matching dollars can come from operations or other sources but cannot be from the remaining tiers or state funding provided for specific capital projects.

Capital Building Fund

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□ SB2033

- Allows institutions to carryover unused CBF's for 2.5 biennia, or about 5.5 years, to allow longer-term capital planning to raise matching dollars.
- Uncommitted dollars and fund earnings as of January 1st of the 3rd biennium after the original appropriation are pooled and reallocated to other NDUS institutions with a 2:1 match requirement.
- Section 2 of the bill transfers remaining funds from the 2019-21 appropriation into the CBF at the end of the biennium(\$3.3 million).
- Section 3 provides a \$19 million appropriation for the 2021-23 biennium. (Legislature funded with SIIF funds).

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Tier I – Extraordinary Repairs

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| Tier I - Extraordinary Repairs and Match Requirement 2021-23 Biennium Budget | | | | | | | | | |
|---------------------------------------------------------------------------------|---------------------|--------------------------------|----------------------|-------------------------------|--------------------------------|----------------------|--------------------------------------------------|--------------------------------|----------------------|
| Institution | General Fund Base | | | Required Match ^{1/} | | | Total General Fund Base & Required Match | | |
| | Appropriation | Projects 7/1/21- 6/30/23 | Balance Available | Original Required Match | Projects 7/1/21- 6/30/23 | Balance Available | Original Appropriation & Required Match | Projects 7/1/21- 6/30/23 | Balance Available |
| BSC | \$417,673 | (\$417,673) | \$0 | \$835,346 | (\$835,346) | \$0 | \$1,253,019 | (\$1,253,019) | \$0 |
| LRSC | \$155,367 | (\$50,000) | \$105,367 | \$310,734 | (\$100,000) | \$210,734 | \$466,101 | (\$150,000) | \$316,101 |
| WSC | \$197,801 | \$0 | \$197,801 | \$395,602 | \$0 | \$395,602 | \$593,403 | \$0 | \$593,403 |
| UND | \$4,411,566 | (\$4,411,566) | \$0 | \$8,823,132 | (\$8,823,132) | \$0 | \$13,234,698 | (\$13,234,698) | \$0 |
| NDSU | \$2,732,244 | (\$2,732,244) | \$0 | \$5,464,488 | (\$5,464,488) | \$0 | \$8,196,732 | (\$8,196,732) | \$0 |
| NDSCS | \$1,012,379 | (\$405,938) | \$606,441 | \$2,024,758 | (\$811,876) | \$1,212,882 | \$3,037,137 | (\$1,217,814) | \$1,819,323 |
| DSU | \$409,078 | (\$306,876) | \$102,202 | \$818,156 | (\$613,752) | \$204,404 | \$1,227,234 | (\$920,628) | \$306,606 |
| MaSU | \$358,992 | (\$227,323) | \$131,669 | \$717,984 | (\$454,646) | \$263,338 | \$1,076,976 | (\$681,969) | \$395,007 |
| MiSU | \$899,620 | (\$899,620) | \$0 | \$1,799,240 | (\$1,799,240) | \$0 | \$2,698,860 | (\$2,698,860) | \$0 |
| VCSU | \$408,319 | \$0 | \$408,319 | \$816,638 | \$0 | \$816,638 | \$1,224,957 | \$0 | \$1,224,957 |
| DCB | \$114,007 | (\$114,007) | \$0 | \$228,014 | (\$228,014) | \$0 | \$342,021 | (\$342,021) | \$0 |
| TOTAL | \$11,117,046 | (\$9,565,247) | \$1,551,799 | \$22,234,092 | (\$19,130,494) | \$3,103,598 | \$33,351,138 | (\$28,695,741) | \$4,655,398 |

^{1/} Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local and auxiliary funds; institution bonds; federal HEERF/ARPA funds.

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Tier II – Capital Building Fund

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Tier II - Capital Building Fund and Match Requirement 2021-23 Biennium Budget

| Institution | State Funding | | | Required Match ^{1/} | | | Total State funds & Required Match | | |
|--------------|---------------------------|--------------------------------|----------------------|-------------------------------|--------------------------------|----------------------|--------------------------------------------------|--------------------------------|----------------------|
| | Original Appropriation | Projects 7/1/21- 6/30/23 | Balance Available | Original Required Match | Projects 7/1/21- 6/30/23 | Balance Available | Original Appropriation & Required Match | Projects 7/1/21- 6/30/23 | Balance Available |
| BSC | \$425,693 | (\$425,693) | \$0 | \$425,693 | (\$425,693) | \$0 | \$851,386 | (\$851,386) | \$0 |
| LRSC | \$177,375 | \$0 | \$177,375 | \$177,375 | \$0 | \$177,375 | \$354,750 | \$0 | \$354,750 |
| WSC | \$137,947 | \$0 | \$137,947 | \$137,947 | \$0 | \$137,947 | \$275,894 | \$0 | \$275,894 |
| UND | \$4,361,801 | (\$4,361,801) | \$0 | \$4,361,801 | (\$4,361,801) | \$0 | \$8,723,602 | (\$8,723,602) | \$0 |
| NDSU | \$2,899,596 | (\$2,899,596) | \$0 | \$2,899,596 | (\$2,899,596) | \$0 | \$5,799,192 | (\$5,799,192) | \$0 |
| NDSCS | \$500,695 | \$0 | \$500,695 | \$500,695 | \$0 | \$500,695 | \$1,001,390 | \$0 | \$1,001,390 |
| DSU | \$268,862 | (\$268,862) | \$0 | \$268,862 | (\$268,862) | \$0 | \$537,724 | (\$537,724) | \$0 |
| MaSU | \$240,029 | \$0 | \$240,029 | \$240,029 | \$0 | \$240,029 | \$480,058 | \$0 | \$480,058 |
| MiSU | \$572,801 | (\$572,801) | \$0 | \$572,801 | (\$572,801) | \$0 | \$1,145,602 | (\$1,145,602) | \$0 |
| VCSU | \$309,137 | \$0 | \$309,137 | \$309,137 | \$0 | \$309,137 | \$618,274 | \$0 | \$618,274 |
| DCB | \$106,064 | (\$106,064) | \$0 | \$106,064 | (\$106,064) | \$0 | \$212,128 | (\$212,128) | \$0 |
| TOTAL | \$10,000,000 | (\$8,634,817) | \$1,365,183 | \$10,000,000 | (\$8,634,817) | \$1,365,183 | \$20,000,000 | (\$17,269,634) | \$2,730,366 |

^{1/} Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local and auxiliary funds; donations; institution bonds; federal HEERF/ARPA funds.

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Tier III – Capital Building Fund

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**Tier III - Capital Building Fund and Match Requirement
2021-23 Biennium Budget**

| Institution | State Funds | | | Required Match ^{1/} | | | Total State Funds & Required Match | | |
|--------------|---------------------------|--------------------------------|----------------------|-------------------------------|--------------------------------|----------------------|--------------------------------------------------|--------------------------------|----------------------|
| | Original Appropriation | Projects 7/1/21- 6/30/23 | Balance Available | Original Required Match | Projects 7/1/21- 6/30/23 | Balance Available | Original Appropriation & Required Match | Projects 7/1/21- 6/30/23 | Balance Available |
| BSC | \$500,000 | (\$500,000) | \$0 | \$1,000,000 | (\$1,000,000) | \$0 | \$1,500,000 | (\$1,500,000) | \$0 |
| LRSC | \$500,000 | \$0 | \$500,000 | \$1,000,000 | \$0 | \$1,000,000 | \$1,500,000 | \$0 | \$1,500,000 |
| WSC | \$500,000 | \$0 | \$500,000 | \$1,000,000 | \$0 | \$1,000,000 | \$1,500,000 | \$0 | \$1,500,000 |
| UND | \$2,250,000 | (\$2,250,000) | \$0 | \$4,500,000 | (\$4,500,000) | \$0 | \$6,750,000 | (\$6,750,000) | \$0 |
| NDSU | \$2,250,000 | (\$2,250,000) | \$0 | \$4,500,000 | (\$4,500,000) | \$0 | \$6,750,000 | (\$6,750,000) | \$0 |
| NDSCS | \$500,000 | \$0 | \$500,000 | \$1,000,000 | \$0 | \$1,000,000 | \$1,500,000 | \$0 | \$1,500,000 |
| DSU | \$500,000 | (\$500,000) | \$0 | \$1,000,000 | (\$1,000,000) | \$0 | \$1,500,000 | (\$1,500,000) | \$0 |
| MaSU | \$500,000 | \$0 | \$500,000 | \$1,000,000 | \$0 | \$1,000,000 | \$1,500,000 | \$0 | \$1,500,000 |
| MiSU | \$500,000 | (\$500,000) | \$0 | \$1,000,000 | (\$1,000,000) | \$0 | \$1,500,000 | (\$1,500,000) | \$0 |
| VCSU | \$500,000 | \$0 | \$500,000 | \$1,000,000 | \$0 | \$1,000,000 | \$1,500,000 | \$0 | \$1,500,000 |
| DCB | \$500,000 | (\$500,000) | \$0 | \$1,000,000 | (\$1,000,000) | \$0 | \$1,500,000 | (\$1,500,000) | \$0 |
| TOTAL | \$9,000,000 | (\$6,500,000) | \$2,500,000 | \$18,000,000 | (\$13,000,000) | \$5,000,000 | \$27,000,000 | (\$19,500,000) | \$7,500,000 |

^{1/} Sources of matched dollars include the following: general fund and other appropriated operating funds; reserves; local and auxiliary funds; donations; institution bonds; federal HEERF/ARPA funds.

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Capital Building Fund Carryover from 2019-21

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| 2019-21 Capital Building Fund Carryover to 2021-23 | | | | | |
|----------------------------------------------------|---------------------------------|---------------------------------|-----------------------------|-------------------------------|-----------------------------------------------------------------------------|
| Institution | Tier II Capital Building Funds | Tier II Match Requirement (1:1) | Total State Funds and Match | Expected 2021-23 Expenditures | Remaining Tier II Capital Building Fund Carryover to 2023-25 (State Funds) |
| MaSU | \$ 240,029 | \$ 240,029 | \$ 480,058 | \$ - | \$ 240,029 |
| MiSU | 572,801 | 572,801 | 1,145,602 | 1,145,602 | - |
| DCB | 106,064 | 106,064 | 212,128 | 212,128 | - |
| TOTAL | \$ 918,894 | \$ 918,894 | \$ 1,837,788 | \$ 1,357,730 | \$ 240,029 |
| Institution | Tier III Capital Building Funds | Tier II Match Requirement (2:1) | Total State Funds and Match | Expected 2021-23 Expenditures | Remaining Tier III Capital Building Fund Carryover to 2023-25 (State Funds) |
| DSU | \$ 500,000 | \$ 1,000,000 | \$ 1,500,000 | \$ 1,500,000 | \$ - |
| MaSU | 500,000 | 1,000,000 | 1,500,000 | - | 500,000 |
| MiSU | 500,000 | 1,000,000 | 1,500,000 | 1,500,000 | - |
| VCSU | 415,945 | 831,890 | 1,247,835 | - | 415,945 |
| DCB | 500,000 | 1,000,000 | 1,500,000 | 1,500,000 | - |
| TOTAL | \$ 2,415,945 | \$ 4,831,890 | \$ 7,247,835 | \$ 4,500,000 | \$ 915,945 |
| Total Tier II & III | \$ 3,334,839 | \$ 5,750,784 | \$ 9,085,623 | \$ 5,857,730 | \$ 1,155,974 |

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Capital Building Fund Possible Changes

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- Recommend changing Tier I extraordinary repair match requirement from 2:1 match to a 1:1 match for all institutions except the research institutions.
- Recommend combining Tier III(\$9M) with Tier II(\$10M) and require a 1:1 match.
- Allow “special assessments” as acceptable use of capital building funds.



THANK YOU!

2/15/2022

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